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14 JAN 1960

MEMORANDUM FOR THE RECORD

SUBJECT: Guidelines Concerning GAO Audit - Amendment No. 2

1. On 11 January Mr. Pahl and Mr. Williams met with Mr. [REDACTED] and the undersigned to discuss the manner in which GAO would commence their audit of the Fiscal Division. It was agreed that the chart of accounts for the Fiscal Division would be made available and that they would have access to the general ledger and the allotment ledger with the understanding that there would be certain limitations imposed when they became involved in accounts that were considered sensitive.

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2. Subsequent to this meeting Mr. [REDACTED] met with the undersigned and advised that the GAO auditors had requested a copy of the trial balance of the Fiscal Division General Ledger Accounts and that he felt that a decision was necessary as to whether the auditors could review the entire trial balance since in doing so they would obtain information concerning the amount of the CIA Reserve and the amounts of transfers to other agencies and from other agencies.

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3. After reviewing the questions and answers concerning GAO audit as discussed with Deputy Director (Support) and others in a meeting in the Comptroller's Office, it was concluded that further consideration and determination by the Deputy Director (Support) would be necessary with respect to the information concerning the Reserve and transfers. The undersigned called Mr. Lloyd and explained to him that a review of the trial balance would reveal the amount of the Reserve and the amounts of transfers to and from other agencies and if the GAO were then to examine the general ledger accounts pertaining to the Reserve and the transfers they would obtain information as to the various departments and/or agencies to which and from which such transfers were made but that the ledgers would not reveal the purpose of such transfers. Also with respect to the Reserve accounting, examination would reveal the amount of each transaction in and out of the account but also would not reveal the purpose of each transaction.

4. Mr. Lloyd subsequently discussed the situation with Colonel White and called the undersigned and advised that the Deputy Director (Support) agreed to making available to the GAO the entire trial balance including the Reserve account and the to and from transfer accounts and also agreed to permit them to examine the ledgers with the understanding that the supporting documentation revealing the purpose of the items in the Reserve and transfer accounts would not be made available.

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5. A subsequent meeting was held on the same day with Mr. [REDACTED] and he was informed of the above determinations made by the Deputy Director (Support).

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[REDACTED]

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Deputy Director

Note:

Paragraph 1 above modifies the answer to question No. 17, Section II.
Paragraph 4 above modifies the answer to question No. 7, Section I. B.,
and questions Nos. 1 and 13 of Section II.

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